

Item #2

City of Sebastopol
Memorandum

September 20, 2007

To: Community Development Agency
From: Kenyon Webster, Planning Director *KW*
Subject: Adopted Five-Year Plan

Attached for your information is the adopted Five-Year Plan.

cc: City Council
City Manager
Engineering Director

CDA Resolution No. 129

RESOLUTION OF THE CITY COMMUNITY DEVELOPMENT AGENCY
OF THE
CITY OF SEBASTOPOL
APPROVING THE FIVE-YEAR IMPLEMENTATION PLAN

WHEREAS, under State law, every redevelopment agency is required to prepare a five-year implementation plan outlining the goals and objectives of the agency and a five-year program of action, including the mandatory affordable housing component; and

WHEREAS, on July 17 and August 21, 2007, the Agency reviewed and discussed the proposed Five-Year Plan and provided an opportunity for public comment; and

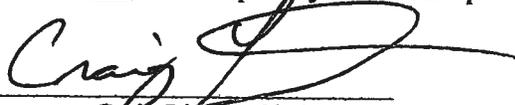
WHEREAS, on September 18, 2007 the Community Development Agency of the City of Sebastopol did conduct a public hearing on the proposed five-year implementation plan for the period of 2007-2012.

NOW, THEREFORE, BE IT RESOLVED that the City Community Development Agency of Sebastopol does hereby adopt the Five-Year Implementation Plan for the period 2007-2012.

APPROVED AND ADOPTED this 18th day of September, 2007.

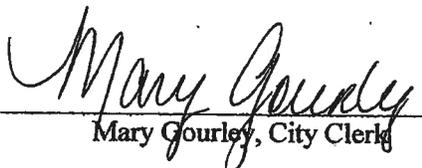
I HEREBY CERTIFY that the foregoing CDA Resolution No. 129 was adopted by the Sebastopol City Community Development Agency.

APPROVED: _____


Craig Litwin, Chair

Ayes: Directors Gurney, Glass, Fernandez, Kelley and Chair Litwin
Nays: None
Abstain: None
Absent: None

ATTESTED: _____


Mary Gourley, City Clerk

FIVE-YEAR IMPLEMENTATION PLAN

[HEALTH & SAFETY CODE SECTION 33490]

CITY OF SEBASTOPOL COMMUNITY DEVELOPMENT AGENCY COMMUNITY DEVELOPMENT PROJECT

Adopted September 18, 2007

I. INTRODUCTION

On October 6, 1993 Governor Pete Wilson signed Assembly Bill 1290 which took effect January 1, 1994. Entitled the Community Redevelopment Law Reform Act of 1993, the bill includes a number of changes to the Community Redevelopment Law. One of the provisions of the bill was the requirement that each agency adopt a five-year implementation plan which provides documentation for the link between the elimination of blight and the proposed actions of the redevelopment agency. Each agency that has adopted a plan prior to December 31, 1993 must adopt, after a public hearing, an implementation plan on or before December 31, 1994. Thereafter, this implementation plan must be revised and adopted every five years. In addition, at least once during the five-year period, a public hearing on the implementation plan is required to be held. Amendments to the plan may be made at this time.

The implementation plan must describe goals and objectives of the agency, programs, including a program of actions and expenditures to be made within the five-year period, and a description of how these goals, objectives, programs and expenditures will assist in the alleviation of blight. The implementation plan must also describe how the agency will implement both the requirement to increase, improve and preserve low- and moderate-income housing and the inclusionary housing requirement. This section of the plan must contain an annual housing program and specific plans for the expenditures of monies from the Housing Fund. If the implementation plan contains a project that will result in the destruction of low- or moderate-income housing, the implementation plan must identify proposed locations suitable for the replacement dwelling units.

This implementation plan has been prepared to comply with the state redevelopment law.

II. BACKGROUND AND INTRODUCTION

The City of Sebastopol is located approximately 70 miles north of San Francisco on the western edge of the Santa Rosa Valley in Sonoma County. In 1981, the City of Sebastopol began the planning analysis required for the establishment of the Sebastopol Community Development Project Area. This work was completed with the adoption of the plan and project in the summer of 1983. The Project Area consisted of approximately 365 acres, of which 300 were developed.

The project was adopted to assist the City in eliminating certain blighting factors including inadequate infrastructure and parking.

According to the 2000 U. S. Census, the population of Sebastopol was 7,784 persons, with 6,505 under the age of 65.

The Project Area includes the Downtown Area as well as the eastern and northeastern parts of the City. The City limits boundary is coterminous with the Project Area boundary on the east and north. The Project Area includes all industrial areas of the City and much of the commercial development within the community. The main thoroughfares of the city, Main Street, Petaluma Avenue and Healdsburg Avenue (all parts of State Highway 116) and Sebastopol Avenue (State Highway 12) are all located within the Project Area. The Project Area is bounded on the south and west by the residential areas of the City, and by unincorporated areas not currently planned for development to the north and east.

With the advent of large shopping centers and 'big-box' stores located in other nearby larger communities, development of large car dealers in other nearby communities, and the growing use of the Internet for shopping, Sebastopol has faced increasing challenges in maintaining a local economy that provides a full range of goods and services, and that generates the revenues needed to provide municipal services that help maintain the local quality of life. In regards to housing, costs have skyrocketed since creation of the Agency, making buying or renting a home in Sebastopol very difficult for low- and moderate-income households. The Community Development Agency plays a vital role in both areas by assisting in provision of infrastructure, promoting economic activity and enhancing the City's image, all of which support a sustainable local economy. The Agency also provides critical funding for affordable housing to address local housing needs, including workforce housing to support the local economy.

Since its establishment, the redevelopment process has fostered the revitalization of the Downtown Area, providing a new economic and employment base within the Sebastopol Community. Accomplishments to date include:

- **Public Improvements.** The Agency rehabilitated the Downtown Area with a new street (Laguna Park Way) that connects Petaluma Avenue with Morris Street. This formed a link with the Downtown Area and the newly-emerging industrial/commercial area on Morris Street to open previously underutilized parcels for industrial and commercial development. Private investments subsequently created a theater complex and added three retail spaces, and rehabilitated a vacant variety store into multi-use retail. Redevelopment has also added public parking and has created a Town Plaza at a site that had been used primarily for employee parking. The Town Plaza has created opportunities for retail and service industries to expand and enhance the downtown area. The Agency also funded construction of numerous curb ramps to facilitate access by disabled persons.

- **Commercial Development.** Eleven businesses took advantage of a low interest loan program to bring their buildings up to current earthquake standards. This resulted in the commercial use of an abandoned bank building that had been vacant for 10 years. The building directly south of the bank building had been vacant for three years and was rehabilitated, and is occupied by a successful commercial business. More recently, the Agency funded a half-time Economic Development Specialist position located in the Sebastopol Area Chamber of Commerce to assist in sustainable economic development. The Specialist has counseled small businesses, coordinated several community Economic Summits, staffed the Business Outreach Committee, served as a liaison between the business community and the City, and assisted in implementation of the Façade Improvement program. The Agency also created a Façade Improvement program, whereby the Agency loaned funds to assist commercial building owners with façade and frontage improvements. Nine businesses have been assisted, with a total of \$23,000 committed to date.

- **Affordable Housing.** The Agency has funded a variety of housing projects, including new construction and rehabilitation. The City's Housing Element has a comprehensive list of affordable housing projects that have been developed in Sebastopol, most with the Agency's assistance.

- In recent years, the Agency has taken aggressive action to develop affordable housing. Notable projects have included the Agency's purchase of two sites for innovative affordable housing projects, Sequoia Village on Covert Lane, which will be a 20-unit affordable co-housing ownership development; and Petaluma Avenue Homes, which will be a 45-unit affordable co-housing rental development. The two projects are believed to be the first affordable co-housing developments in the United States. Both projects incorporate extensive 'green building' features, and are being developed by experienced non-profit affordable housing developers. They are expected to start construction in summer 2007, and be completed in 2008. In addition, the Agency is providing funding to two Habitat for Humanity projects with a total of four units, both expected to be completed in 2008, and has loaned funds to an area non-profit to help purchase a site for a 34-unit affordable self-help ownership project on Gravenstein Highway South. If approved, this project is projected to be completed in 2009. Other opportunities to develop affordable housing projects are expected to occur with implementation of the Northeast Area Specific Plan, if it is approved by the City Council.

III. GOALS AND OBJECTIVES FOR THE PROJECT AREA

A. Redevelopment Plan Goals

The goals and objectives for the Sebastopol Community Development Project as stated in the Community Development Project Plan:

- To eliminate and reduce many aspects of visual, economic, physical and social blight presently existing within the City of Sebastopol and more specifically within the boundaries of the Project Area, as set forth in the Community Development Plan.
- To provide a stable, diversified and stronger economic base for the Project Area and community.
- To provide safer, more efficient and economical movement of persons and goods within the Project Area and community.
- To conserve and improve existing public facilities and to provide such new facilities as needed for the improvement of the Project Area.
- To provide additional housing opportunities in the Project Area and community.
- To provide additional employment opportunities for residents of the community.
- To enhance the physical environment of the Project Area and to emphasize its favorable environmental characteristics.

IV. PROJECTS AND EXPENDITURES PROPOSED FOR THE NEXT FIVE YEARS

Provided below is an outline of planned Agency projects. Timing and amounts of expenditures are approximate, and subject to revision as project specifics are developed. In addition, there is potential for the Agency or City to obtain grant funding for some projects, which would reduce projected Agency expenditures.

The Agency would be required to approve the specific scope and funding for projects as implementation progresses. In addition, it is not possible to foresee all possible future projects. Opportunities or challenges may arise in the future that could not be identified in this Plan, but that are consistent with Agency goals and objectives. The fact that such projects are not identified would not preclude Agency funding, provided the projects are consistent with Agency goals and objectives.

A. Project Administration, Permit and Processing, Debt Service and Inter-Agency Cooperation (\$4,475,000)

The operation of a redevelopment project entails expenditures not linked to specific, anticipated projects. Budgeted at a total of \$115,000 per year for five years (for general redevelopment and housing), administration, permit processing, community meetings and general legal costs are

statutory or otherwise required expenditures. Debt service on previously issued tax allocation bonds and Certificates of Participation amounts to \$3,900,000 over the five-year period for general redevelopment and housing.

B. Housing

Substantial affordable housing development is underway. During the five-year period, the Agency plans to participate in the development of approximately 150 units of affordable housing for very low-, low- and moderate-income households (see table). Since most of the City's residentially-zoned properties are not in the Project Area, some of the housing sites may be located outside the Project Area. However, all housing sites within the City limits or the City's sphere of influence are of benefit to the Project Area.

Agency expenditures will provide for land acquisition, pre-development, construction and other financial assistance to achieve project feasibility. Three major projects, Petaluma Avenue Homes (45 rental units); Sequoia Village (20 units); and 961 Gravenstein Highway South (34 units) are known at this time and are being assisted by the Agency. In addition, the Agency will provide approximately \$230,000 in subsidies to four Habitat for Humanity units in Sebastopol, and will consider similar subsidies to three other planned Habitat units. Other expenditures may include repair and improvement costs for two homes on the Petaluma and Covert sites that the Agency plans to sell to finance the two projects, as well as other unit subsidies, affordable housing studies, or other expenses. None of the currently-identified projects are age-restricted. The timing and amounts of expenditures listed is subject to change as more specifics are developed in the future.

Affordable housing development is a high priority for the Agency. The Community Development Agency has committed all available affordable housing funds, and in addition borrowed monies from the general redevelopment fund to finance planned affordable housing developments. Presently there is a negative balance of approximately \$2.5 million in the fund.

This will be reduced over the five-year planning period as the two homes on the Petaluma and Covert sites are sold, and as additional tax increment funds accumulate, however additional borrowing or bonding appears likely to be required. Annual tax increment income to the affordable housing fund of the Agency is estimated at approximately \$450,000 per year. Over the next five years, an additional \$2.25 million in tax increment income will be accumulated in the affordable housing fund. This Implementation Plan calls for the funds to be expended as shown in Table 1.

5-Year Affordable Housing Project List 2007

Project Name	Year 1	Year 2	Year 3	Year 4	Year 5	Total
6855 Petaluma Avenue	\$1,300,000	-	-	-	-	\$1,300,000
7991 Covert Lane	\$575,000	-	-	-	-	\$575,000
961 Gravenstein Highway South	\$20,000	-	-	-	-	\$20,000
Other projects	\$230,000*	\$50,000	\$100,000	\$350,000	\$350,000	\$1,080,000
TOTALS	\$2,125,000	\$50,000	\$100,000	\$350,000	\$350,000	\$2,975,000

*Four Habitat for Humanity units

C. Economic Development

These improvements address the blighting influence of inconsistent land use, fragmented ownership and deteriorated structures that have discouraged new investment. In addition, planned activities provide funding for infrastructure to support existing and planned development to enhance the local economy, projects to enhance the image and quality of life in Sebastopol, activities that will assist in resource conservation to facilitate work towards provision of sustainable energy, water, and other resources to support the local economy, and providing strategic funding for marketing and general economic development.

A major focus of the expenditure plan is revitalization of the Northeast Area, which is the subject of a pending Specific Plan. The area presently includes a number of dilapidated buildings, many of which are subject to flooding, as well as vacant and underutilized land. A substantial portion of the area has poor access. Much of the curb, gutters and sidewalks are in poor repair, or are non-existing. Street trees are lacking throughout the area. Streetscape, storm drain, and recycled water improvements would be implemented by the Agency to support the Specific Plan. Plan implementation will produce a return on investment, in that anticipated development within the project area will create a substantial increase in Agency tax increment revenues as a result of increased property values associated with new development.

Another significant project that the Agency would participate in funding is Gravenstein Highway South streetscape improvements. This area of Sebastopol also presents a poor appearance, and has poor access particularly for pedestrians, with some areas lacking curb, gutter, sidewalks and street trees, and with poles for overhead utilities impeding access for some persons in wheelchairs, as well as creating an unsightly visual character. The Agency would provide part of

the funding needed for design, permitting, and construction.

The Five Year Plan calls for a multi-faceted set of projects to be funded during the five-year period. It is anticipated that some of the capital improvement projects may be combined to achieve management and cost efficiencies. The objective of these projects is to enhance the local economy by improving the physical character and functionality of the City, and by providing economic development services that assist the private sector in establishing, maintaining, and enhancing sustainable businesses in Sebastopol. The project activities will result in the physical removal of blight and will serve to attract new business and investment.

Planned projects include:

Economic Development

- Continued funding of the Economic Development Specialist position at the Sebastopol Area Chamber of Commerce, at \$27,500 per year.
- Continued funding of façade loan program at \$7,000 per year, with an additional allocation of \$5,000 in the current year to accommodate pending requests.

Marketing

- Downtown banners, holiday decorations, murals for marketing and image enhancement. \$15,000 in Year 1; \$30,000 in Year 2; \$10,000 in Year 3.
- Other marketing, including web site, web portal, selected events subsidies, and other publicity, marketing and outreach efforts. \$15,000.

Infrastructure Improvements

- Town Plaza, Ives Park and bicycle improvements. Development of a downtown public bathroom, replacement of Plaza hedge landscaping, installation of hedges in Ives Park, installation of bike racks. The Plaza and downtown area lack a public bathroom. Plaza hedges are in poor condition and present an undesirable appearance in this prominent facility. Parts of the perimeter hedges of Ives Park are in poor condition and would be replaced by new hedges, which will also help control and improve access during events such as the Apple Blossom Festival. Bike racks would be installed at several downtown locations and public buildings. Funding of \$135,000.

- Northeast Area park improvements. Provide funding to enhance connections with the Laguna Preserve (entry arbor and landscaping at Lift Station, pedestrian bridge at Zimpher Creek), contribution to new Northeast plaza area, and public art in the Northeast Area. \$250,000 in Year 3.
- Sebastopol Avenue streetscape enhancement. This is a high-priority project. This street is the major gateway to Sebastopol and the downtown and presents a poor image, with cracked curbs and sidewalks, no street trees, no special lighting, no benches, no bike racks, no trash or recycling receptacles. The project would include design and installation of new curb, gutter and sidewalk in selected areas, street trees, decorative light fixtures, benches, bike racks, and waste and recycling receptacles. The project is also intended to facilitate bicycle travel in town. The project would also include undergrounding of overhead utilities on Sebastopol Avenue from approximately Morris Street to the Highway 12 bridge, which is expected to be substantially funded by a separate source (Rule 20A). In addition, the project would be intended to create a 'gateway' entry treatment along this major entry to Sebastopol. \$450,000 for design and permit processing in Years 2 and 3; \$2,550,000 for construction in Years 4 and 5.
- Storm drain infrastructure improvements in project area. Funding for improvements identified by the Storm Drain Master Plan. \$150,000 for design and permitting in Years 2 and 3, \$1,000,000 to contribute to construction in Years 4 and 5.
- Gravenstein Highway South streetscape enhancement. This is a high-priority project. Areas of Gravenstein Highway South have overhead utilities detracting from visual quality and impeding access, particularly for persons in wheelchairs. Areas also lack curb, gutter, sidewalk, street trees, benches, and decorative lighting, detracting from this key commercial roadway. The project is also intended to facilitate bicycle travel in town. As with the Sebastopol Avenue project, this project is also intended to create a 'gateway' entry treatment along this major entry to Sebastopol. \$300,000 in Agency funding in Years 2 and 3 for design and permitting; \$500,000 in Years 4 and 5 for construction. Other construction funding to be provided by the Traffic Impact Fee Fund and potential grants.

Quality of Life

- Library replacement. The library is a vital educational and informational resource for the community. The library operates in a City-owned building which is substantially undersized for current and projected needs. It is a priority for replacement by the library district. The district does not have funds for development of a new facility. Funding for preliminary planning, and some capital costs for replacement of the Sebastopol branch library would be provided by the CDA. Agency funding totaling \$100,000 in Years 2 and 3 for programmatic planning, and \$500,000 for construction would be provided. This funding is contingent upon cooperative affirmative efforts by the library system towards a

replacement project and identification of other funding sources or mechanisms to finance construction.

- Loan to assist City in purchase, improvement and management of Village Park Mobile Home Park. To enhance park resources and improve one of the major entrances to Sebastopol, the City has pursued purchase of this property, located at the gateway to Sebastopol on Highway 12, adjacent to the bridge over the Laguna channel. The mobile homes and RV's on the site are subject to flood damage, and the frontage of the property presents a poor appearance at this key entry area to Sebastopol. Purchase represents an opportunity for near-term conversion of a portion of the property to a park for incorporation into the Laguna Preserve, improvement of the frontage, and in the long-term, conversion of the trailer and RV areas to parkland. A loan to the City for approximately \$1.5 million may be needed for purchase of the property, conversion of the campground area to a park, and installation of fencing and frontage improvements. Existing tenants would not be subject to required displacement.

Sustainability

- Energy efficiency and conservation projects. Funding for photovoltaic systems and other energy and water conservation projects at public facilities to enhance local sustainability. This may include projects at City and other facilities. Participation may take the form of loans. Funding of \$50,000 in Year 1, \$100,000 in Year 2, \$50,000 in Year 3.
- Extension of recycled water piping to Northeast Area to minimize potable water use. The Subregional wastewater system has piping in the Laguna Preserve behind the Youth Annex. The project would involve extension of piping to serve the redeveloped Northeast Area and the new skatepark/garden park, so as to minimize potable water use for landscaping and possibly other uses. This project would be contingent upon a guaranteed supply of recycled water. Some cost recovery anticipated via user charges. \$500,000 for design, permitting, and construction.

Neighborhood Revitalization

- Northeast Area Specific Plan. Continuing funding for creation of this Plan, a major portion of which consists of outmoded, deteriorating, and underdeveloped properties with a poor circulation network. \$105,000 in Year 1. Other funding may be needed for for implementation of the Plan after it is adopted.
- Other neighborhood revitalization projects in the project area. Within the designated redevelopment area, neighborhoods are in need of revitalization and improvement through targeted infrastructure, streetscape, housing and other projects. This would allow for street tree installation where trees are lacking; curb and sidewalk installation or repair; pedestrian and street safety projects; minor drainage improvement projects, and the like.

These improvements may occur within the scope of other proposed projects, or may include separate projects to assist in neighborhood revitalization. \$250,000.

- Potential site purchase and development of a park in south Sebastopol, provided it is located in the project area. This is a high-priority project. Development of a neighborhood park in south Sebastopol is an objective of the General Plan that would enhance the quality of life for visitors and residents. If a suitable site is identified in the future, the Agency may assist in purchase and development, supplemented by other funding sources such as the Parks Impact Fee Fund, and potential grants. Alternatively, the Agency may loan the City funds for purchase if the site is located outside of the project area. Estimated Agency participation of \$1 million.

Visitor Services

- Guide sign project implementation. To enhance shopper and visitor navigation and establishment of a distinct identity, street guide signs to key facilities such as the Chamber's Visitor Center, the downtown area, public parking lots, parks, the Community Center, the Center for the Arts, the West County Museum, schools, etc. will be replaced with new signs utilizing a consistent size, color and font. Funding of \$10,000 for two years.
- Hostel. This is a high-priority project. Agency staff have had contact with Hostelling International regarding potential establishment of a hostel in Sebastopol which would provide another dimension of visitor-serving lodging and enhance the local economy. There are no hostels presently located in this area of the 'wine country' and a Sebastopol location would enhance the Northern California hostel network. Development of a hostel would add another dimension to visitor accommodations in Sebastopol, and would generate direct transient occupancy taxes as well as indirect sales tax revenues. Critical to the establishment of a hostel is an appropriate site. Should an opportunity develop within the Five-Year Plan period, the Agency will consider funding assistance, which may take the form of a loan, with an estimated amount of \$1.25 million.
- Fire station addition. There is a need for an expansion of the Fire Station to provide space for storage of vehicles and equipment. The 1,300 sq. ft. addition is estimated to cost \$400,000. It is proposed that the Agency contribute up to \$100,000 to this project in Year 5 if other funding sources are not identified.

The table below lists planned project expenditures by year. There is currently a positive balance of approximately \$3.9 million in the general redevelopment fund. Annual debt service, administration, and other expenses are estimated at approximately \$895,000. Annual tax increment income is currently approximately \$1.4 million, which equates to income of \$7 million over a five-year period. Income will increase as properties within the project area are sold and reassessed or redeveloped. Administration costs will likely also increase.

Redevelopment of the Northeast Area has considerable potential for generating additional income to the Agency. Such redevelopment may generate in excess of \$1 million in additional annual Agency income, although the growth in revenues is expected to occur over 15-20 years. Assuming revenues and expenditures occur approximately as projected, the Agency will need to consider borrowing or bonding to finance planned expenditures for cash flow purposes.

5-Year Economic Development Project List 2007

Project Name	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Economic Specialist	\$27,500	\$27,500	\$27,500	\$27,500	\$27,500	\$137,500
Facade Loans	\$12,000	\$7,000	\$7,000	\$7,000	\$7,000	\$40,000
Guide Signs	\$10,000	\$10,000	-	-	-	\$20,000
Banners, Holiday Decorations, Murals	\$15,000	\$30,000	\$10,000	-	-	\$55,000
Marketing*						\$15,000
Plaza Bathroom, Landscaping, Ives Park Landscaping, street trees, bike racks	15,000	120,000	-	-	-	\$135,000
Northeast Area Park Improvements			\$250,000			\$250,000
Energy Sustainability Projects	\$50,000	\$100,000	\$50,000	-	-	\$200,000
Library Replacement	-	\$50,000	\$50,000	\$500,000	-	\$600,000
Sebastopol Avenue Streetscape		\$250,000	\$200,000	\$2,000,000	\$550,000	\$3,000,000
Northeast Area Specific Plan**	\$105,000	-	-	-	-	\$105,000
Storm Drain Improvements	-	\$100,000	\$50,000	\$750,000	\$100,000	\$1,000,000
Northeast Area Recycled Water Infrastructure**	-	-	-			\$500,000
Gravenstein Highway South Streetscape	-	-	\$200,000	\$100,000	\$500,000	\$800,000
Village Park**						\$1,500,000
Neighborhood Revitalization*						\$250,000
Hostel*						\$1,250,000
South Sebastopol Park*						\$1,000,000
Fire Station Addition					\$100,000	\$100,000

TOTALS	\$219,500	\$694,500	\$844,500	\$3,384,500	\$1,184,500	\$10,957,500
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*Timing, Form and Extent
of Financial Participation
to be determine

**Some cost recovery
anticipated

V. HOW GOALS, OBJECTIVES, PROJECTS AND EXPENDITURES WILL IMPLEMENT THE REQUIREMENTS OF HEALTH & SAFETY CODE SECTIONS 33334.2, 33334.4, 33334.6 AND 33413. [Section 33490 (a) (1)]¹

A. Among the goals and objectives of the Agency, the provision of housing for households with low to moderate incomes will implement the affordable housing requirements.

B. The following are projects and expenditures planned by the Agency for the Sebastopol Community Development Project Area in the five-year period covered by this plan that will implement the affordable housing requirements:

- **Development of Very Low-, Low-, and Moderate-Income Housing in Locations Near and of Benefit to the Project Area.** The Agency plans to expend approximately \$3.045 million to assist in construction and/or rehabilitation of approximately 150 affordable housing units in locations that are in or near and of benefit to the Project Area, which will be restricted to very low-, low- or moderate-income tenants. In addition to ongoing projects, this will involve response and review of proposals from private for-profit and non-profit developers to develop one or more residential projects on appropriate sites. Criteria for site selection will include access to jobs and transit and site conditions and effective use of Agency funds. See table for specific project objectives.

The housing developments cited above will be located within the City of Sebastopol and will be of benefit to the Project Area.

C. The following goals, objectives, projects and expenditures will implement the affordable housing requirements of Sections 33334.2, 33334.4, 33334.6 and 33413 as follows:

- **Increase, Improve and Expand the Supply of Low- and Moderate-Income Housing**

¹Unless otherwise specified, all code/section references are to the California Health & Safety Code

[Sections 33334.2 and 33334.6]. The Housing to be developed as described above will utilize approximately \$3.045 million in funds from the Sebastopol Community Development Project Low- and Moderate-Income Fund to increase, improve and expand the community's supply of very low-, low- and moderate-income housing. New dwellings constructed with the assistance of Agency funds will be subject to covenants or other restrictions ensuring affordability for at least the duration of the Community Development Plan. The current City inclusionary ordinance requires a 59-year deed restriction for affordable inclusionary housing units.

- **Proportion of Very Low-, Low- and Moderate-Income Housing [Section 33334.4].** The Agency plans to assist development of housing units that will be affordable to very low-, low- or moderate-income households in the proportions shown in the following table:

Year	Total*	Moderate	Very low/low
1	69	9	60
2	37	x	37
3	4	x	4
4	20	10	10
5	20	10	10
	150	29	121

*The very low, low and moderate income units enumerated are made up of the following projects: Assistance to Burbank Housing Corporation's 20 unit Sequoia Village development; Affordable Housing Associates' 45-unit Petaluma Avenue Homes development; Burbank Housing's 34-unit 961 Gravenstein Highway South Self-Help project, an estimated 7 Habitat for Humanity units on sites on Johnson Street, Litchfield Avenue, and Pleasant Hill Avenue, and an additional 44 units at other locations to be determined. In addition, the City expects to see inclusionary housing units developed in various market-rate projects through the City's mandatory 20% inclusionary housing ordinance.

- **Estimate of Housing Production Figures and Use of Low- and Moderate-Income Housing Fund [Section 33490(a) (2)].** The current estimated housing production figures and proposed uses of the Sebastopol Community Development Project Area Low- and Moderate-Income Housing Fund are provided in tables herein. See Section IV for a summary of fund financial information, as well as the June 2007 memorandum providing detailed fund status information.

- **Replacement Housing [Section 33413(a)].** Any land acquisition and site assembly activities associated with programs listed in Section IV C will not result in the removal of any units of housing.

- **Inclusionary Housing [Section 33413(b) (4)].** Section 33413 (b) (4) requires the Agency to adopt a plan to comply with the inclusionary housing requirements of Section 33413 (b) (1) and (2).

(33413(b) (1): At least 30% of all new and substantially rehabilitated dwelling units developed by the Community Development Agency shall be available at affordable housing costs to persons and families of low or moderate income. Not less than 50% of these dwelling units shall be available at affordable housing costs to, and occupied by, very low income families. The Sebastopol Community Development Agency does not intend to construct or rehabilitate any units which would be under the ownership of the Agency. Therefore, the requirements under this section do not apply to Sebastopol.

(33413(b)(2): At least 15% of all new and substantially rehabilitated dwelling units developed within the project area under the Community Development Agency's jurisdiction by public or private entities other than the Agency shall be available at affordable housing costs to persons and families of low or moderate income. Not less than 40% of these dwelling units shall be available at affordable housing costs to, and occupied by, very low income families. This requirement will be met through a new housing rehabilitation program, the City's inclusionary policy of the General Plan (20% overall) and Agency assistance to non-profit sponsored projects.

ESTIMATED ANNUAL HOUSING UNIT PRODUCTION (AGENCY-ASSISTED)

	2008	2009	2010	2011	2012	Total '08-'12	2013- 2017
Substantial Rehab.	0	0	0	0	0	0	0
New very low or low income	69	37	4	20	20	150	150
Destroyed by Agency	0	0	0	0	0	0	0
Total	69	37	4	20	20	150	150

VI. CONCLUSION

In addition to satisfying legal requirements, this Five-Year Plan will substantially assist Sebastopol's economic development through a multi-faceted set of projects. In addition, the Plan will provide continued funding for substantial affordable housing development.

**Community Development Agency of The City of Sebastopol
 Statements of Revenues, Expenditures, and
 Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2008**

	Capital Project Fund	Low and Moderate Income Housing Fund	Total Governmental Funds
REVENUES			
Property taxes, incremental	\$ 1,531,063	\$ 474,717	\$ 2,005,780
Interest and rents	116,861	11,045	\$ 127,906
Miscellaneous	13,538	48,200	61,738
Total revenues	1,661,462	533,962	2,195,424
EXPENDITURES			
Current:			
Community development:			
Administration	68,361	-	68,361
Projects and studies	180,867	109,681	290,548
Housing projects	-	4,304,051	4,304,051
Debt service:			
Payment to refunded bond escrow agent	490,742	26,813	517,555
Discount and issuance costs	234,966	-	234,966
Principal	584,333	14,328	598,661
Interest	164,670	12,963	177,633
Total expenditures	1,723,939	4,467,836	6,191,775
Excess (deficiency) of revenues over expenditures	(62,477)	(3,933,874)	(3,996,351)
Other Financing Sources(Uses):			
Sale of land	-	3,120,000	3,120,000
Proceeds of long-term refunding bonds	4,575,000	-	4,575,000
Payment to refunded bond escrow agent	(4,329,490)	-	(4,329,490)
Total other financing sources(uses)	245,510	3,120,000	3,365,510
Net change in fund balances	183,033	(813,874)	(630,841)
Fund balances, July 1	4,707,709	(1,280,803)	3,426,906
Fund balances, June 30	\$ 4,890,742	\$ (2,094,677)	\$ 2,796,065

See accompanying notes to the basic financial statements



**City of Sebastopol
Community Development Agency Report**

Agency Meeting Date: June 3, 2008
From: Administrative Services Director
Subject: Preliminary Budget

Background: The Budget Committee has reviewed and discussed all budget units for the Preliminary Budget including the Community Development Agency budget presented here for Agency consideration.

Discussion:

Redevelopment tax increment revenues continue to increase during the current downturn in the housing market as the majority of properties in the redevelopment area are commercial in nature. General redevelopment revenues will increase from \$1,590,000 to \$1,665,000 and low cost housing tax increment revenues will increase from \$460,000 to \$490,000. The low-cost housing fund will also receive a \$4,000,000 state loan for the Hollyhock housing project that will be passed through to Burbank Housing and repaid from sales of properties.

General Redevelopment- an ambitious capital outlay program for 2008-2009 includes a new public restroom for the plaza, new carpeting for the library, engineering for Sebastopol Ave. Streetscaping and storm drain improvements for the downtown area. Contract services continue the Economic Specialist contract with the Chamber, and funds for the Northeast Area Specific Plan, the facade program, and the guide sign program.

Low cost housing shows the Hollyhock/Burbank Housing project at 961 Gravenstein Hwy. South being funded over two fiscal years (2007-2009) at a cost of \$4,000,000 with funding being reimbursed by a State Loan program. The Habitat for Humanity projects on Johnson Street and Litchfield originally budgeted to be completed in fiscal year 2007/08 will carry forward into fiscal year 2008/09.

Redevelopment Agency Debt Service was refinanced last year that will save the agency about \$12,000 per year over the remaining life of the debt which has 12 years until paid. That is a total savings of \$144,000 less the \$34,000 additional debt service paid in 2007/08 for a net savings of \$110,000.

Community Development Agency Fund

The basic purpose of California redevelopment law is to give cities a tool to help remove blighting conditions from a community. Blighted areas are defined in the law as areas in which there are conditions which constitute physical and economic liabilities requiring redevelopment in the interest of the health, safety and welfare of the people. These conditions are further defined as inadequate public improvements, utilities, unsafe buildings or inadequate parking. Further, the law talks about expanding the supply of affordable housing and employment opportunities for all citizens.

In order to accomplish these goals, a redevelopment agency may acquire land and buildings, dispose of real property, and construct public facilities. The sale of real property may include conditions on the sale of properties so that they are used in a manner consistent with the city's redevelopment plan. Public facilities can include infrastructure (streets, water and sewer facilities, etc.) and city buildings which benefit the redevelopment project area. There is a specific ban on the construction of city halls with redevelopment funds. A redevelopment agency may borrow money to implement these activities. Such borrowing can be in the form of loans from the city or private sources or from the sale of tax increment bonds.

The redevelopment agency must set aside 20% of its tax increment revenues for the purpose of assisting low and moderate income housing. These set aside funds can be used to acquire, improve, finance, rehabilitate and otherwise subsidize affordable housing (including mobile homes). These housing activities may take place in the city, both within and outside the redevelopment project area.



City of Sebastopol 2008/2009 Budget Expenditures

Fund Number: 950-6950
Department: Redevelopment

Object	Description	2005/2006 Actual Expenditures	2006/2007 Actual Expenditures	2007/2008 Budgeted Expenditures	2007/2008 Estimated Expenditures	2008/2009 Department Request
6010	Salaries	750	1,110	1,800	1,020	1,500
6023	Benefits	81	71	53	53	64
6050	Misc. Supplies / Services *	1,551	40,237	30,950	28,000	60,000
6060	Training	530	185	2,000	500	2,000
6070	Dues	1,790	1,790	2,800	2,000	2,000
6600	Audit	9,150	2,204	9,200	9,200	9,200
6860	Contract Services **	202,362	270,659	150,000	140,000	94,500
	TOTAL OPERATING	\$216,214	\$316,256	\$196,803	\$180,773	\$169,264
	Capital Outlay					
785-7084	Plaza Restrooms	\$0	\$0	\$0	\$0	\$120,000
763-765-7059	Energy Sustainability	\$0	\$0	\$0	\$0	\$100,000
732-6898	Library Carpet	\$0	\$0	\$0	\$0	\$50,000
724-6999 790-7004	Storm Drains (Engineering) Seb Ave Streetscape (Eng.)	\$0	\$0	\$0	\$0	\$50,000
	TOTAL CAPITAL	\$0	\$0	\$0	\$0	\$320,000
	TOTAL DEPARTMENT	\$216,214	\$316,256	\$196,803	\$180,773	\$489,264
	Allocations to City Council	\$1,060	\$2,081	\$5,373	\$5,373	\$5,497
	Allocations to City Manager	\$33,772	\$34,447	\$45,918	\$48,918	\$50,043
	Allocations to Finance	\$9,385	\$9,573	\$17,100	\$17,100	\$17,493
	Allocations to Planning	\$0	\$45,264	\$16,237	\$16,237	\$16,610
	Allocations to City Attorney	\$0	\$0	\$8,099	\$8,099	\$8,285
	Total Department Costs	\$260,431	\$407,621	\$289,530	\$276,500	\$587,192

Redevelopment Expenditures

Description	2005/06	2006/07	2007/08	2008/09
* Miscellaneous Supplies / Services 6050				
Miscellaneous	1,551	40,237	1,200	10,000
Plaza/Ives Park Landscaping, Street Trees, Bike Racks	0	0	14,750	20,000
Banners, Holiday Decorations, Murals	0	0	15,000	30,000
Total	\$ 1,551	\$ 40,237	\$ 30,950	\$ 60,000
** Contract Services 6860				
Economic Specialist - Chamber contract	27,000	13,750	27,500	27,500
Northeast Area Specific Plan	163,836	192,256	105,000	50,000
Facade Program	11,526	8,685	7,500	7,000
Guide Sign Program	0	0	10,000	10,000
Northeast Area Market Study	0	17,968	0	0
Chamber Brandpoint Study*	0	38,000	0	0
Total	\$ 202,362	\$ 270,659	\$ 150,000	\$ 94,500

***Chamber reimbursement schedule for the \$48,000 Brandpoint Study:**

Paid \$10,000 on 07/01/2007

Future payments scheduled as:

\$12,000 on 07/01/2008

\$16,000 on 07/01/2009



City of Sebastopol 2008/2009 Budget Expenditures

Fund Numbers: **950 & 951**
Department: **Redevelopment Agency Debt Service**

<u>Dept & Object</u>	<u>Description</u>	<u>2005/2006 Actual Expenditures</u>	<u>2006/2007 Actual Expenditures</u>	<u>2007/2008 Budgeted Expenditures</u>	<u>2007/2008 Estimated Expenditures</u>	<u>2008/2009 Department Request</u>
Fund 950						
C.O.P. of 1989 / 1994 / 2004 Police Building (80%)						
6090-6545	Interest	77,220	77,096	67,055	67,055	56,474
6091-6545	Principal	248,520	248,605	258,640	258,640	269,280
6095-6545	Trustee Fees	0	0	0	0	0
Tax Increment Bonds of 2007 - Refunding						
6090-6560	Interest	208,880	197,774	224,738	224,738	146,053
6091-6560	Principal	184,841	194,310	203,798	203,798	236,975
6095-6560	Trustee Fees	3,938	2,438	3,000	2,438	2,450
Fund 951						
Tax Increment Bonds of 2007 - HSA Portion						
6090-6560	Interest (5.21%)	11,481	12,828	12,352	12,352	8,190
6091-6560	Principal	10,160	10,680	11,202	11,202	13,025
TOTAL DEPARTMENT		\$745,040	\$743,731	\$780,785	\$780,223	\$732,447

1994 C.O.P. was refunded in 2004 and will be paid in full on October 1, 2013.

2007 Tax Increment Bonds are a refunding issue of the 1986, 1991 and 1997 Tax Increment Bonds and will be paid in full in 2021.

**CITY OF SEBASTOPOL
CITY COUNCIL/COMMUNITY DEVELOPMENT MINUTES OF:
June 3, 2008**

CALL TO ORDER

Chair Litwin called the Community Development Agency to order at 7:00 pm.

ROLL CALL: Present: Directors Gurney, Kelley, Glass, Fernandez and Chair Litwin
Absent: None
Staff: Executive Director Brennan, City Clerk Gourley, City Attorney
McLaughlin, Engineering Director Kelly, Planning Director Webster,
Administrative Services Director Puccinelli, Fire Chief Zanzi and Police
Chief Weaver

APPROVAL OF MINUTES OF May 20, 2008:

Director Fernandez moved and Director Glass seconded the motion to approve the minutes as amended.
The vote was unanimous. (5-0)

CONSENT CALENDER ITEM(S):

Director Glass moved and Director Kelley seconded the motion to approve Consent Calendar Item #9.
The vote was unanimous. (5-0)

9. Award of Contract, Solar Works, Sequoia Village Project (Executive Director)

CDA Action: Approved Award of Contract to Solar Works for Sequoia Village Project, Contract 2008-05
Minute Order Number: 78-08

INFORMATIONAL ITEM(S): None

PUBLIC HEARING(S):

**10. Public Hearing on Community Development Agency Draft Fiscal Budget -- 2008-2009
(Administrative Services Director)**

Administrative Services Director Puccinelli presented the staff report recommending the Community Development Agency provide comments and direction to the preliminary budget.

Director Gurney questioned if the \$65,000 amount of funding for the library carpet was a City estimate or Library estimate. Director Puccinelli stated that is a City estimate.

Director Gurney questioned if the bathroom proposed for the downtown plaza included a shower. Director Webster stated the no, the restroom being reviewed consists of two bathroom stalls only, but that the City has not selected a design so there could be an opportunity to review the selection of the restroom.

Councilmember Gurney stated with these economic times of job stress, gasoline costs, living expenses, people using and living on the bike trail, it would be a human, respectful way to have a shower included as part of this restroom public facility. Director Puccinelli stated this can be looked at and staff will return with a report.

Executive Director Brennan stated this cost did not include the purchase of the land.

Director Fernandez questioned if the cost to maintain this restroom was included in the CDA budget and

**CITY OF SEBASTOPOL
CITY COUNCIL/COMMUNITY DEVELOPMENT MINUTES OF:
June 3, 2008**

who would maintain it. Executive Director Brennan stated this has not been considered, but anticipated it would be a Public Works expense or CDA expense.

Director Fernandez questioned the supply and services \$60,000 miscellaneous expense and the \$100,000 energy sustainability expense.

Director Puccinelli stated he did not have the details and could bring this back to the CDA.

Director Fernandez questioned if the \$50,000-\$60,000 budgeted for the NE specific plan, is for something specific in mind or future needs. Director Brennan stated this was an estimate of the remainder of the contract.

Director Fernandez questioned the façade improvement program and questioned if was reduced because it has met the needs and now it is not being requested as much. Executive Brennan stated there has been a reduction in the number of applications received. He stated if more applications are received and additional allocations are required, staff will bring this back to the CDA.

Director Gurney stated the following:

She will be discussing other areas in town to meet community needs such as: use of parking lots to provide parking, retail, affordable housing and suggested review of the Senior Center parking lot, Veteran Building parking lot; Round Table and Mortuary parking lots, and stated she will be requesting dedicating money to a consultant to study these areas.

Director Glass questioned the location of the restroom. Executive Director stated this is not on the agenda and it would not be appropriate to discuss now.

Director Glass discussed the following:

At the last budget, she recommended additional funding of \$5000 to the Chamber of Commerce for website hosting and branding and stated this dovetails with Director Gurney's ideas of notifying the public more. She suggested having the website link to City businesses, shops, encourage people to shop locally and also be a place for public notices to encourage the public to be engaged. Stated the chamber has been working on a community based website and questioned the status.

Executive Brennan stated the CDA may have had a placeholder last year, but that someone needs to provide definition to what the proposal entails when that happens staff can bring that forward for a more specific budget.

Director Glass stated she understands the \$50,000 is for the remainder of the NE contract and questioned what types of services are being provided by the consultant.

Executive Director stated that funds have been contracted out and the Council has approved amendments to the contract. He stated these are expenses estimated to complete the contract which at this time is just about wrapped up.

**CITY OF SEBASTOPOL
CITY COUNCIL/COMMUNITY DEVELOPMENT MINUTES OF:
June 3, 2008**

Director Glass questioned if these funds are allocated to be used if there were changes to the plan.

Executive Director Brennan reminded the CDA that this is a contract between the Council and the consultant and the CDA is providing the funds for the contract to the Council. He stated the funds are for contractual obligations and included changes to the Council's comments, additional work, etc. He stated if the consultant were required to do extra work, it would exceed the \$50,000. Executive Brennan stated he could bring this back in detail to the CDA.

Director Kelley questioned what the funding includes for energy sustainability. Executive Brennan stated this was capital outlay for the police station solar installation and a balance for other solar installations in the redevelopment area such as the Community Center.

Chair Litwin opened the public hearing.

Katherine Austin, South Main Street, discussed the following:

Carpeting for library: she suggested a number of companies use recycled carpet tiles that are a green product and suggested the library investigate that option. She stated tiles can be removed when destroyed and the tiles can be recycled at the end of their life cycle.

Jeff Pearce, Lyding Lane, stated the public cannot hear the CDA or Council when they speak and suggested a new sound system be purchased.

Lauren Thomas stated the following:

- Concerned with \$50,000 being allocated for the NE plan with an additional \$50,000 in the Council budget being allocated for the NE plan.
- Concerned with paying a consultant who does not consider public comments such as water storage and issue of no alternatives in the EIR
- There is no accountability of consultant
- Questioned the possibility of hiring another consultant; facilitator; mediator
- Discussed sustainability; community based process for NE plan
- Supports the funding for the Chamber for the City web site and suggested this be part of a collaborative approach
- Funds should be channeled to someone specific to public relations and stated the City's web site is dysfunctional

Hearing no further comments, Chair Litwin closed the public hearing.

Director Puccinelli stated the \$50,000 is funding for the NE Plan, not \$100,000. The \$50,000 discussed by Ms. Thomas is a copy of the CDA budget that is attached to the Council budget for informational purposes. It is not a separate funding item.

Director Gurney made a motion and Director Fernandez seconded the motion to preliminarily approve the CDA budget with the following revisions:

**CITY OF SEBASTOPOL
CITY COUNCIL/COMMUNITY DEVELOPMENT MINUTES OF:
June 3, 2008**

Energy Sustainability: Once the initial projects that are underway are completed, and the four additional projects that are being proposed are underway and completed, she requested that if there are remaining funds, those funds should be discussed by the CDA for the remainder of that money and designation to other projects.

Discussion:

Director Kelley recommended the City request the library explore the possibility of using the safest and most recyclable sustainable product to include the backing of the carpet. Executive Director Brennan stated the City has had discussions with the library, and they will be choosing the carpeting and that the specs indicate the carpet they are proposing is made of high recyclable content and is a tile carpet. He stated he will obtain more detail and report back to the CDA.

Director Gurney stated she would like to discuss the \$10,000 miscellaneous funding and would encourage the Chamber to submit an application to this body for funding for the portal website.

Director Glass stated the following:

- Having watched the NE process, she stated she has difficulty with going to expend additional money from consultants who have a plan that has some flaws and she would feel better about voting to expend \$50,000 if she felt that the consultants were addressing the flaws and responding to the public's comments;
- Believes the community agrees that there are issues that need to be said; she would feel better if we were getting consultants and a plan that was going to respond to the people's comments
- Has difficulty with \$50,000 – but understands the contractual obligations that need to be fulfilled; however she wishes that the CDA could emphasize that this money be expended in a way that is not throwing good money after bad.

Executive Director Brennan stated the contract is with the Council and consultant and the CDA is underwriting the costs for the NE plan; there is a contractual obligation; CDA comments can be forwarded to the Council with the concerns the Agency Board has with expenditures of funds in this final phase; stated however there was a commitment made and an obligation of the CDA to continue to fund it; discuss not approving additional funding for the project if that is what the CDA wants to do other than what has been contractually obligated and that it would put the Council in a position to return to this Board and ask for additional funding or expand the scope of work and incur additional expenses.

Director Glass questioned if the \$50,000 is already contractually obligated. Executive Brennan stated yes that is already committed and that it would require a contract amendment and would probably be difficult to accomplish given the direction the Council has given to the consultant at this time.

VOTE: Ayes: Director Fernandez, Gurney, Glass, Kelley and Chair Litwin

Noes: None

CDA Action: Approved preliminary CDA budget with comments listed above and directed staff to return with final budget.

Minute Order Number: 79-0

CITY OF SEBASTOPOL
CITY COUNCIL/COMMUNITY DEVELOPMENT MINUTES OF:
June 3, 2008

DISCUSSION AND ACTION ITEM(S): None

Chair Litwin adjourned the Community Development Agency Meeting at 7:30 p.m.
Mayor Litwin called for a recess at 7:30 pm and reconvened the City Council meeting at 7:35 pm

INFORMATIONAL REPORTS: None

PUBLIC HEARING

11. Public Hearing -- Resolution of Intention to Levy and Collect Annual Assessments for 2008-2009 for the Sebastopol Lighting Special Assessment District -- Preliminarily Approving the Engineer's Report (Administrative Services Director)

Director Puccinelli presented the staff report recommending the Council adopt the resolution of intention to levy and collect annual assessments for Fiscal Year 2008-2009 for the City of Sebastopol Lighting Special Assessment District, preliminarily approving the annual Engineer's Report.

Mayor Litwin opened the public hearing. Hearing no comments, Mayor Litwin closed the public hearing.

Councilmember Kelley moved and Councilmember Gurney seconded the motion to approve and adopt the Resolution of Intention to Levy and Collect Annual Assessments for 2008-2009 for the Sebastopol Lighting Special Assessment District -- Preliminarily Approving the Engineer's Report.

The vote was unanimous. (5-0)

Council Action: Approved Resolution of Intention to Levy and Collect Annual Assessments for 2008-2009 for the Sebastopol Lighting Special Assessment District -- Preliminarily Approving the Engineer's Report.
Resolution Number: 567

12. Public Hearing - (Project #2008-004) -- To consider an application, submitted by Bodega Heights Investments LLC, for Tentative Major Subdivision approval of a mixed-use condominium project proposed on the property located at 506 South Main Street. The proposed development includes the subdivision of a 19,466 square foot parcel, currently developed with two office buildings, into 6 condominium lots, including 2 commercial properties fronting South Main Street and 4 attached townhouses on the back portion of the property. Access to the lots is proposed via a one-way driveway, entering on the southern portion of the parcel and exiting on the northern portion of the parcel (Planning Director)

Councilmember Gurney stated she would be recusing herself from the Council for this item.

Katherine Austin, applicant's representative, requested this item be continued to the next Council meeting of June 17, 2008. The Council was in consensus.

Council Action: At the request of the applicant, this item was continued to the next regular City Council meeting to be held June 17, 2008.

Minute Order Number: 80-08

Items 13 and 14 were postponed to later in the meeting.

**SEBASTOPOL COMMUNITY DEVELOPMENT AGENCY MINUTES
MEETING OF February 19, 2008**

**APPROVED MINUTES OF THE COMMUNITY DEVELOPMENT AGENCY MEETING OF
FEBRUARY 19, 2008**

Approved by the Community Development Agency at their regular meeting of April 15, 2008

CITY OF SEBASTOPOL
COMMUNITY DEVELOPMENT AGENCY MEETING
MINUTES OF MEETING OF February 19, 2008
SEBASTOPOL YOUTH ANNEX, 425 MORRIS STREET, SEBASTOPOL, CA

The Notice of the Meeting was posted on the City Hall Bulletin Board by the City Clerk on February 15, 2008.

CALL TO ORDER: Chair Litwin convened the meeting of the Sebastopol Community Development Agency at 7:25 p.m.

ROLL CALL: Present: Agency Directors Kelley, Gurney, Glass, and Chair Litwin
Absent: Director Fernandez
Staff: Executive Director Brennan, City Clerk Gourley, Engineering Director/Assistant to the City Manager Kelly, Planning Director Webster and Police Chief Weaver

APPROVAL OF CDA MINUTES OF: September 18, 2007.

Director Kelley moved and Director Glass seconded the motion to approve the minutes of September 18, 2007 as amended. The motion carried unanimously to approve the minutes as amended. (Vote: 4-0).

CONSENT CALENDAR: None

PRESENTATIONS

9. Report on Sebastopol Center for the Arts Film Festival (Linda Galletta)

Linda Galletta, Sebastopol Center for the Arts, stated the following:

- Thanked the CDA for their support for the first documentary film festival which was held on Veteran's Day weekend
- There were 20 hours of documental films shown on 4 screens
- Exceeded all expectations
- There were 24 different screenings, 42 films and 15 films were 100% sold out and 9 films were 60-90% full; stated there was over 1300 people in attendance
- Thanked sponsors and donors and was pleased with the attraction and support
- Thanked the volunteers who put in over 1000 hours
- Discussed acquisition of equipment, classes and funding for monthly film programs for children and adults
- Discussed next film festival March 6-8, 2009 and stated she will be requesting funding and involving more of the community
- Distributed report and flyer from Film Festival

The Community Development Agency thanked Linda Galletta for her work on the film festival.

INFORMATIONAL REPORT(S) (Receipt and File – No Agency Action Required)

None

**SEBASTOPOL COMMUNITY DEVELOPMENT AGENCY MINUTES
MEETING OF February 19, 2008**

DISCUSSION AND ACTION

10. Request for Discussion on Actions Regarding the Original Downtown Area (Director Gurney)

Director Gurney stated the following:

- she requested this agenda item to discuss the downtown area (west of the northeast area plan, Main Street/Petaluma Avenue towards Willow Street, McKinley to Wilton, which includes the plaza, and the area including the Veterans Building and Ives Park)
- she stated she has heard the downtown area is being ignored and separated out;
- She stated the Northeast Plan may take 15 years and stated the civic building proposed in the Northeast Area Plan may not have exclusive civic/community uses;
- she stated the challenge is that the City does not control the land in the specific area, but does have areas within the downtown area that the City can move forward on and suggested starting a conversation to see what it would entail as far as work or studies and what possibilities can happen in the downtown area.

Director Glass discussed the following:

- She participated in the development of the downtown plan for Sebastopol and the redevelopment area Director Gurney is discussing;
- Stated the downtown area had been lacking in amenities and streetscape, and the downtown plan was successful and attracted businesses and made an investment in the downtown area
- The Northeast Area plan needs to integrate and dovetail with the downtown plan as well and as beautifully as possible;
- Stated the City does not own property within the Northeast Area, but does own property in the downtown area and suggested doing something with these properties to stimulate investment.
- Stated the parking situation with the Northeast Area plan will have a major shortage (1500 parking spaces short) which already exists within the downtown area and suggested investing in the City owned property to alleviate the parking problems.
- Suggested investing in City infrastructure such as buildings, public spaces and community spaces stimulate additional investments in the downtown area.

Director Kelley discussed the following:

- Petaluma's Specific Plan for the Basin Street area and stated she is concerned with downtown businesses suffering;
- Stated there was a concerted effort to include the downtown business district in Petaluma's process when the plan was created and stated the area became so popular, the merchants could not afford their lease space and is concerned about that and used Healdsburg as another example
- Stated she was concerned that could happen here and suggested including specific partnerships or study groups with the downtown area for this specific plan

Chair Litwin stated the following:

- It is important to always look at everything and do what we can within our resources;
- Appreciates the planning processes in the past and that the City does have a downtown plan and suggested the Agency get the big hurdle of the Northeast Area Plan completed first and then discuss other action.
- He supports this discussion and questioned the amount of staff time to be used for this issue.

**SEBASTOPOL COMMUNITY DEVELOPMENT AGENCY MINUTES
MEETING OF February 19, 2008**

Director Gurney suggested staff helping in a limited way, bring back the downtown plan, and review the plan.

Chair Litwin suggested staff provide a copy of the plan and distribute to the CDA members.

Executive Director Brennan stated the 5-Year plan would also need to be revisited. He stated the Community Development Agency has budgeted funds for the 5-year plan and if the Agency approves other priorities, the plan would need to be reviewed to discuss reallocation of funds.

Director Glass suggested reviewing the plan to see how it might fit in with further action.

Agency Action: Requested a copy of the downtown plan and 5 year plan and requested further discussion.

Minute Order Number: 18-08

11. Consideration of Appropriating Funds from Low Income Housing Set Aside Funds for Housing Rehabilitation Expenses for Request from Rebuilding Together for \$10,000 for rehabilitation projects in Sebastopol (Executive Director)

Executive Director Brennan presented the staff report and introduced Kim Cottingham, Chair, Rebuilding Together.

Kim Cottingham discussed the following:

- Acknowledged Boardmembers in attendance (Terry Kelley, Kathleen Schaffer, and Connie King);
- Thanked the Agency and the community for their support which has made a huge impact on the City of Sebastopol;
- Discussed goals of keeping homeowners in their homes; safety of the homes; neighbors helping neighbors; and the heartfelt appreciation from the homeowners

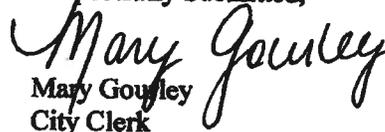
Director Kelley thanked Ms. Cottingham for their hard work and bringing this to the community and questioned how people can get involved and/or volunteer. Ms. Cottingham stated interested persons can visit the website www.risebastopol.org or call 823-6636 to volunteer or donate money.

Director Kelley moved and Director Gurney seconded the motion to Appropriate Funds from the Low Income Housing Set Aside Funds for Housing Rehabilitation Expenses for Rebuilding Together. The vote was unanimous. (Vote 4-0).

Agency Action: Approved Appropriating Funds from Low Income Housing Set Aside Funds for Housing Rehabilitation Expenses for Request from Rebuilding Together for \$10,000 for rehabilitation projects in Sebastopol
Minute Order Number: 19-08

ADJOURNMENT: Chair Litwin adjourned the Sebastopol Community Development Agency Meeting at 8:03 p.m.

Respectfully Submitted,


Mary Gouley
City Clerk

the slowdown in construction activity. And, while the decline in the price of gasoline is a positive short-term development relative to the economic slowdown, the City's sales tax revenue also declines with the price of gasoline.

The economic downturn has already affected local businesses as well as the City of Sebastopol's revenues, which are used to provide City services. Negative municipal revenue trends are expected to continue, and in the coming year, may necessitate difficult decisions resulting in service reductions. There is also the potential that the State may take additional local revenues to address its own budget problems, which would compound challenges for cities and counties, including Sebastopol.

Community businesses are the foundation of the local economy. Maintaining a strong local economy and essential public services and public infrastructure is particularly critical in these difficult times. The passage of Sebastopol's Measure M (a new local utility tax) is a positive development for the City's finances. However, the City may still have to look for cost reductions in next year's budget, particularly if the State eliminates certain revenues to the City. In addition to carefully managing its revenues and expenditures, consideration should be given to local economic development actions that the City and community groups can take to support local businesses and strengthen the local economy.

Draft Economic Stimulus Proposals

While there is very limited ability for the City to affect the local economy, there are actions that can be taken. These include initiatives by the City itself, or actions by the Chamber of Commerce, businesses, or other community groups. While some of the proposed initiatives may have short-term impacts, most are more long-range or ongoing in nature. Community leadership should have a steady, long-term focus on maintaining a sustainable local economy, and should allocate limited resources accordingly.

Potential economic stimulus actions are being proposed for consideration by the City Council, Community Development Agency, and Business Outreach Committee. The list of initiatives was developed through a review of the existing Economic Development Strategy and discussions with City and Chamber staff, and attempt to reflect local funding and staffing constraints. Draft programs may need revision, or the Council and Agency may determine some are not appropriate, or that other program ideas should be considered. Many of the programs need further refinement to be accomplished, and some would need special funding. Code changes would need to go through a multi-step public hearing process. In addition, while some programs will be developed by City staff, several are proposed to be implemented by the Chamber of Commerce, and a number would require volunteer or community leadership in order to be accomplished.

Proposed actions are organized under six broad categories, and include a priority designation, identification of a lead entity, and a timeline.

Image/Publicity

Marketing and related efforts can contribute to the City's image and attraction and contribute to the vitality of local businesses. Five items are listed in this category. These include initiation of a

'wayfinding' sign program (also to be discussed on the November 18 Council agenda), as well as a possible 2009 local Economic Summit, and creation of an annual volunteer City Improvement Day.

Regulatory

A dozen different regulatory initiatives are proposed. While changes to local regulations may have some short-term benefits in terms of public perception of Sebastopol, their effects are generally more long-term in nature. Proposed initiatives include review of various parking standards, streamlining sign and other regulations, and reviewing photovoltaic and wind turbine regulations. It is also recommended that the City work towards resolution of the Northeast Area Specific Plan.

Business Support

Various actions are outlined to provide business support and broaden the local economy. These include expanding business marketing efforts, review of the CDA's façade grant program, and a review of the role of the Business Outreach Committee.

Capital Improvements

As an organization providing public services that has been in operation for over 100 years, the City needs to maintain an ongoing focus on maintaining and improving its infrastructure, which is essential for the operation of the local economy and maintaining the quality of life. Due to high costs as well as demanding design, bidding, insurance, permitting, and grant requirements, capital improvement projects typically require years of effort to accomplish. Maintaining a focus on critical infrastructure and on established project priorities is important to accomplishment of key capital projects.

Visitor Promotion

Visitor-related revenues are an important component of the local economy. These include contributions from the two local hotels, as well as a portion of revenues from restaurants and shops and service providers. This category lists several potential actions to help support this sector of the economy.

General Revenue

Two actions are listed in this section, including annexations to better capture property tax and other revenues from properties already effectively part of Sebastopol, and ongoing efforts to ensure that businesses maintain licenses.

Conclusion

The draft economic stimulus list was developed to help provide a focus for discussion of actions that the City, Agency, Chamber, local non-profits, businesses, and individuals can take to support the local economy. Input from all interested parties will contribute to the effort, and additions, deletions, or modifications to potential actions are expected to arise from discussions of the proposals.

Attachment: Proposed Economic Stimulus Initiatives 2008-09

**cc: Business Outreach Committee
Planning Commission
Chamber of Commerce Executive Director**

DESCRIPTION	PRIORITY	LEAD DEPARTMENT OR ENTITY	TIMELINE
Image/Publicity:			
1.) Initiate wayfinding signage, waymarks, address/coordinates to event, streetscape, and landmarks	H	Planning Department	Summer 2009
2.) Enhance visibility of city and local nonprofit organizations through public relations and press releases	M	PR	Ongoing
3.) Board representation of the festival branding program	M	Chairman, City Council	Ongoing
4.) Conduct Economic Development Summit in spring/summer 2009 if appropriate focus identified	M	Economic Specialist	Winter 2009
5.) Explore annual volunteer City Improvement Day, possibly linked to existing programs	M	City Manager, Chairwoman, Non-Profit	Winter 2009
Regulatory:			
6.) Continue to pursue simplified environmental permit insurance standards for small projects and contractors	H	Engineering Department	Fall 2009
7.) Amend zoning Ordinance to extend permit thresholds for approved projects	M	Planning Department	Winter 2009
8.) Identify information or questions needed for zoning, waterways area special plan	H	City Council	Fall 2009
9.) Review and approve final regulations and other regulatory	M	Planning Department	Winter 2009
10.) Update and amend building, fire and other regulations	M	Planning Department	Winter 2009
11.) Review zoning Ordinance to streamline processes for city projects	M	Planning Department	Winter 2009
12.) Review zoning Ordinance to simplify, clarify and streamline review process	M	Planning Department	Winter 2009
13.) Review zoning Ordinance to clarify, clarify simplified administrative procedures	M	Planning Department	Winter 2009
14.) Review zoning Ordinance to clarify, clarify simplified administrative procedures	M	Planning Department	Winter 2009
15.) Generally consider any new regulations for economic affairs	M	City Council	Ongoing
16.) Streamline regulations	M	Planning Department	Winter 2009
17.) Review and update fire code and small wind turbine regulations	M	Planning Department	Winter 2009
Business Support			
18.) Provide funding for non-profit advertising and community business listings	H	City Manager, Sponsor	Spring 2009
19.) Encourage coordinated city-wide efficient marketing program	H	Chamber	Spring 2009
20.) Explore expanded information for farm market such as Laguna Park City next to Stratford or other farm markets	M	Economic Specialist	Spring 2009
21.) Explore expanded information for farm market such as Laguna Park City next to Stratford or other farm markets	M	City Manager	Spring 2009
22.) Explore shared business and other information of existing businesses in other communities	M	Economic Specialist	Ongoing
23.) Support expansion of Stratford health care and other services	M	Economic Specialist	Spring 2009
24.) Review BOV to be implemented	M	BOV	Winter 2009
25.) Review and update fire code and small wind turbine regulations	M	Planning Department	Ongoing
26.) Encourage businesses to develop computerized web-based services and other	M	Chamber	Spring 2009
27.) Maintain strong local operations	M	Chamber	Ongoing
28.) Support and encourage business and other community activities	M	Planning Department	Ongoing

DESCRIPTION

PRIORITY

LEAD DEPARTMENT OR ENTITY

TIMELINE

Capital Improvements

29.) Review priorities and provide staffing and other support for key capital improvement projects	H	Engineering Department	Winter 2009
30.) Seek and gain funding for plan to convert Village Park campground to public park and improve property drainage	M	Planning Department	Ongoing
31.) Monitor grant programs for capital improvement and economic development opportunities	M	Planning & Engineering Departments	Ongoing
32.) Monitor possible new Federal infrastructure programs in coming year that could be targeted	M	Engineering Department	Ongoing

Visitor Promotion

33.) Consider options to facilitate development of overnight visitor-saving accommodations such as junior suite dorms, shared TDR, or other alternatives	M	Planning Department, City Manager	Winter 2009
34.) Continue support of Village Park campground improvements	M	City Council	Ongoing
35.) Support and explore opportunities to attract visitors when historical coordinated publicly	M	City Council	Ongoing
36.) Monitor opportunities for boats	L	Planning Department	Ongoing

General Revenue

37.) Initiate a program on county lands, Village Park mobile home property, and properties with out-of-area sales agreements	H	Planning Department	Winter 2009
38.) Continue efforts to identify businesses for public use or lease	L	Police & Public Safety Departments	Ongoing

- **Reduced costs for residents who could have garbage picked up every other week.**

City Manager Brennan stated he would look into those issues.

Councilmember Robinson moved and Councilmember Thille seconded the motion to authorize staff to completion negotiations with Redwood Empire Disposal Inc and bring a recommended franchise agreement back to the City Council for approval and to hold a public hearing on the rate changes.

Vote:

Ayes: Councilmembers Robinson, Gurney, Thille, Kelley and Mayor Litwin

Noes: None

Absent: None

Abstain: None

Council Action: Authorized staff to completion negotiations with Redwood Empire Disposal Inc. and bring a recommended franchise agreement back to the City Council for approval and to hold a public hearing on rate changes.

Minute Order Number: 171-08

ADJOURN REGULAR CITY COUNCIL MEETING AND CONVENE JOINT CITY COUNCIL AND CDA MEETING

CALL TO ORDER of CDA Meeting: Chair Litwin called the meeting to order at 8:40 pm.

ROLL CALL of CDA Members

Present: Chair Litwin, Directors Kelley, Gurney, Fernandez and Glass

Absent: None

CONSENT CALENDAR

Director Kelley stated she would like to remove Item #13 from the consent calendar.

Councilmember Robinson moved and Councilmember Thille seconded the motion to approve consent calendar item #14.

Vote:

Ayes: Directors Kelley, Gurney, Glass and Fernandez and Chair Litwin
Councilmembers Thille and Robinson

Noes: None

Absent: None

Abstain: None

14. Authorization For Executive Director to Proceed with Land Acquisition, 411 Flynn Street (Executive Director)

Community Development Agency Resolution: Authorized the Executive Director to Proceed with Land Acquisition for 411 Flynn Street and sign all necessary papers and documents to complete the transaction at the agreed upon price contained in the purchase contract. Approved Resolution Approving Purchase of Property at 411 Flynn Street and Adding the Expenditure of Funds to the Five Year CDA Project List

Resolution Number: CDA #134

13. Approval of Second Amendment to Agreement with Craig Meltzner for Affordable Housing Services For Extension of Agreement (Executive Director)

City Manager/Executive Director Brennan presented the staff report recommending the Community Development Agency and City Council authorize the City Manager to sign the Second Amendment to Agreement with Craig Meltzner for Affordable Housing Services.

Director Kelley discussed the following:

- Amount of fee for service paid to Mr. Meltzner
- Position of Project Manager in schedule of charges

City Manager Brennan stated the fees paid to date to Mr. Meltzner over the last 2-3 years has been under \$7000.00 and that his charges are reasonable and he is very responsive. Staff stated the City has not used the Project Manager in the past and does not anticipate using this position in the future.

Councilmember Thille moved and Director Gurney seconded the motion to authorize the City Manager to sign the Second Amendment to Agreement with Craig Meltzner for Affordable Housing Services.

Vote:

Ayes: Directors Kelley, Gurney, Glass and Fernandez and Chair Litwin
Councilmembers Thille and Robinson

Noes: None

Absent: None

Abstain: None

City Council and Community Development Agency Action: Authorized the City Manager to sign the Second Amendment to Agreement with Craig Meltzner for renewal of this contract for an additional two years.

Minute Order Number: 172-08

DISCUSSION AND ACTION

15. Economic Development Stimulus Initiatives (City Manager/Planning Director)

Planning Director Webster presented the staff report recommending the City Council receive the presentation, provide an opportunity for public comment and provide direction on initiatives.

The Council discussed the following:

- Requested clarification to Regulatory programs 6 through 17.
- Clarification on parking problems

Staff provided clarifications to regulatory programs 6 through 17 and stated affordable housing developers had suggested reduction of some residential parking requirements.

Chair Litwin opened for public comment.

Magick suggested the following: public transportation; small jitneys; encourage and emphasize local bidding; green light industry and green youth corps.

David Schaeffer discussed the need for more regulations for bed and breakfast establishments; no consideration of human element or ambiance of the City; would like to see imaginative thinking; less housing and parking on streets.

The Council and Community Development Agency discussed the following:

Mayor Litwin discussed the following:

- Sustainability Theme 2009 in Windsor
- Bicycling camping in the Laguna and exploring possibility of creating a campground

Director Fernandez discussed:

- Poor appearance of current locations for allowed Non Profit Signs
- See volunteer programs expanded to schools, students, and sweat equity program
- Look for opportunities from grant programs and charity funds from corporate companies.
- Encourage existing customers to make multiple purchases and identify and support those businesses providing top sales tax
- Would like to see a listing of future maintenance needs and costs when capital improvement projects are proposed
- Discussed County islands and whether annexation of those areas would impact businesses in those areas
- Possibility of a Business license amnesty program

Director Glass discussed the following:

- Concept of a 'Passport Sebastopol' and other partnerships with local businesses.
- Expansion of transit
- Explore with school district use of busses for internal City jitney system
- Review how to capture sales tax from internet purchases and appropriate to City.
- Create Internet Portal and for an expanding web presence

Director Kelley discussed her concerns with 12, 13 & 14 as follows:

- Concerned with streamlining administrative review process
- Concerned with parking regulations and decreasing amount of required parking
- Interested to see types of conversions of accessory buildings that are referenced
- Requested the newly elected City Councilmembers be allowed to provide comments.

Councilmember Robinson disagreed with Councilmember Kelley regarding parking, stating that excessive parking requirements and space devoted to cars should be reduced.

Councilmember Thille discussed the following:

- Explore creation of coupon booklet for local businesses and partnership with local schools
- Add links to the City web site highlighting businesses
- Consider a Thursday night farm market and closing of Laguna Park Way for relocated market
- Invited the Council and CDA to attend the Sustainable Conference 2009

Director Gurney discussed the following:

- Promotion of eco-tourism
- Promotion of local vacation, relaxation and refreshment
- Creating a Web portal
- Monitor opportunity for a hostel in Sebastopol and change priority designation
- Additional review by the Business Outreach Committee

The Council was in consensus with the initiatives as presented and discussed above and requested that concepts be incorporated into the list, and an update be provided in several months.

City Council and Community Development Action: Received presentation, provided opportunity for public comment and provided direction on initiatives.

Minute Order Number: 173-08

16. Discussion of Directional Sign Program (Planning Director)

Director Webster presented the staff report recommending the City Council and Community Development Agency authorize a target budget and priorities and issuance of a Request for Proposal.

Director Glass discussed using local vendors to fabricate the signs.

Director Gurney discussed the following:

- having the gateway signs as a top priority in the concept for future implementation
- Use of the 'brand' geo apple design elements and colors

Chair Litwin opened for public comment.

Kathy Ono, Sebastopol Chamber of Commerce, stated this will be a cohesive community identification and will encourage people to shop in Sebastopol and provide for a strong local economy for the City.

Councilmember Robinson moved and Director Glass seconded the motion to authorize a target budget and priorities and issuance of a Request for Proposal.

Discussion:

Director Fernandez suggested using multi-national signs and symbols.

Director Kelley supported the idea of using local firms to create the signs.
Councilmember Robinson reminded the Council of the City's Local Purchasing Policy.

Vote:

Ayes: Directors Kelley, Gurney, Glass and Fernandez and Chair Litwin
Councilmembers Thille and Robinson

Noes: None

Absent: None

Abstain: None

City Council and Community Development Action: Authorized a target budget and priorities and issuance of a Request for Proposal.

Minute Order Number: 174-08

17. Discussion of Request from Linda Galletta, Sebastopol Center for the Arts, for Funding Assistance for the Sebastopol Film Festival (Executive Director)

Councilmember Robinson moved and Councilmember Thille seconded the motion to provide funding assistance in the amount of \$2000.00 to the Sebastopol Center for the Arts for the Sebastopol Film Festival.

Vote:

Ayes: Directors Kelley, Gurney, Glass and Fernandez and Chair Litwin
Councilmembers Thille and Robinson

Noes: None

Absent: None

Abstain: None

City Council and Community Development Action: Approved funding assistance in the amount of \$2000.00 to the Sebastopol Center for the Arts for the Sebastopol Film Festival

Minute Order Number: 175-08

18. Discussion with Property Negotiator Executive Director Brennan Regarding Property located at 6901 and 6911 Palm Avenue (Executive Director)

Executive Director Brennan presented the staff report recommending the City Council and Community Development Agency consider whether the property at 6901 and 6911 Palm Avenue would be a desirable piece of property for the City to sell to the Community Development Agency, and authorize the City Manager/Executive Director as the Real Property Negotiator to conclude sale procedures. Staff recommended that the City and CDA create an option agreement for FY 2009/2010.

The Council discussed the following:

- Best use of vacant land
- Number of properties on this piece of land and if it would require a lot line adjustment
- Questioned whether the CDA has money to funnel into this sale
- What stops the City from developing this property
- Questioned if there are other projects that could better use this money
- Questioned investigation of toxics
- Questioned if the CDA would be approving the idea tonight and then returning to the CDA next year

Staff stated the following in response to the previous comments:

- Best use of land is described in the appraisal
- The properties sit on this site and a lot line adjustment would be required
- The City has no funds to develop this property
- The investigation of toxics have been factored into the appraisal
- Stated the CDA could approve the option agreement contingent upon reconsideration by the CDA as the buyer and the City as the seller.

Chair Litwin opened for public comment.

Guy Wilson discussed the following:

- discussed the option price and purchase price and questioned if this was in the hopes of transfer money to balance the budget;
- questioned how the appraisal came up with the figure
- concerned with the appraiser being a member of the Planning Commission and questioned if this was vetted out

City Attorney McLaughlin stated there is no conflict of interest issues.

The Council stated the following:

- Director Kelley's concerns with moving forward and using money from the CDA budget;
- Would like to use this money on other projects;
- Concerned with moving money from the CDA to the City's general fund

- Councilmember Gurney suggested a condition that this sale be contingent upon reconsideration of both bodies; a new appraisal; investigation of contaminations and financial situation of CDA.

Executive Director Brennan stated he would bring back this item for reconsideration in six months.

The Council and CDA were in consensus to postpone this item for six months.

City Council and Community Development Action: No action taken. Item to be returned in approximately six months.

Minute Order Number: 176-08

19. Authorization for Executive Director to Proceed with land acquisition, design consultations and request for bids for Plaza bathroom (Planning Director)

Planning Director Webster presented the staff report the CDA amend the project budget, authorize the contingent land purchase, design consultations and request for bids.

Councilmember Thille moved and Councilmember Robinson seconded the motion to authorize the Executive Director to proceed with land acquisition, design consultations and requests for bids for the Plaza bathroom and amend the CDA budget to increase project funding to \$190,000.

Vote:

Ayes: Directors Kelley, Gurney, Glass and Fernandez and Chair Litwin
Councilmembers Thille and Robinson

Noes: None

Absent: None

Abstain: None

City Council and Community Development Action: Authorized the Executive Director to proceed with land acquisition, design consultations and requests for bids for the Plaza bathroom and amend the CDA budget to increase project funding to \$190,000.

Minute Order Number: 177-08

Director Glass recused herself from Item #20 on the agenda and departed the meeting.

PUBLIC HEARING(S):

20. Public Hearing - To consider awarding energy services contract, finding that the project's anticipated energy cost savings are greater than the project's costs, and that the terms of the award are in the best interest of the City. Project is Solar Installation at the Sebastopol Community Center, located at 390 Morris Street, Sebastopol, CA. (Executive Director)

Executive Director Brennan presented the staff report recommending the City Council authorize the City Manager to:

- 1) Continue negotiations with Borrego Solar and Sebastopol Heat and Cool to prepare a contract to build a solar energy system in response to the Request for Qualifications/Request for Proposals, Clean Renewable Energy Bond Projects (CREBS);
- 2) conduct a public hearing determining if findings can be made that the projected anticipated energy cost savings are greater than the project costs;

City of Sebastopol
Staff Report

CITY COUNCIL
AGENDA ITEM #: 18

City Council Meeting of March 17, 2009

To: City Council
From: Kenyon Webster, Planning Director
Subject: Update on Local Economic Stimulus Initiatives
Recommendation: Receive Presentation; Provide Opportunity for Public Comment; Provide Any Further Comments or Direction

Introduction

In November 2008 the City Council and Community Development Agency discussed proposed 'Local Economic Stimulus Initiatives' to address current and anticipated economic challenges. After discussion and several additions to the action list, the draft proposals were authorized to move forward. Subsequently, the initiatives have been discussed in detail by the Business Outreach Committee. BOC members are also working on several individual initiatives.

Background

The United States is facing unprecedented economic turmoil including substantial declines in home values, widespread mortgage defaults, bank and financial institution failures, severe impacts on business and housing finance, and increasing unemployment. While experiencing recent declines, overall, energy costs have increased substantially over the last five years, with price impacts rippling through the entire economy. The effects of these events are of an historic nature and may last a number of years.

At the same time, constrained by funding mandates and a sometimes dysfunctional political process, the State of California budget has been in precarious financial condition for several years, with the recent downturn raising more questions about the 'state of the State.' The State has appropriated local city, county, and redevelopment funds in past economic downturns to help address its own budget problems. This year, the State took monies from local redevelopment agencies across California, including \$186,000 in local redevelopment funds taken from the City of Sebastopol. While the State finally adopted a budget, it appears the State's financial problems are very likely to continue into the next fiscal year. Efforts are underway to promote a State Constitutional Convention to reform the budget process and other elements of the State Constitution. Potentially this could result in fundamental revenue impacts on the State as well as California's cities, counties, redevelopment agencies, schools, and special districts.

Sebastopol has managed its finances prudently, but has already been affected by the severe economic downturn. Closure of the local Ford dealer several years ago, the virtual shut-down of the local cement plant, and the recent closure of Pellini Chevrolet illustrates how national factors affect the local economy in ways that Sebastopol has not experienced for decades. Unfortunately, in the current difficult economic environment, other local businesses are likely to close in the coming year.

The economic downturn has affected the City of Sebastopol's revenues, which are used to provide City services. Negative municipal revenue trends are expected to continue for at least one to two years and perhaps longer. In addition, City retirement system costs may increase due to adverse PERS investment returns. There is also the potential that in the next budget year, the State may take additional local revenues to address its own budget problems, which would compound challenges for cities and counties, including Sebastopol.

Community businesses are the foundation of the local economy. Maintaining a strong local economy and essential public services and public infrastructure is particularly critical in these difficult times. The passage of Sebastopol's Measure M (a new local utility tax) is a positive development for the provision of City services. Without those new revenues, the City would be facing substantially greater challenges. However, it should be noted that the new utility tax is temporary, set to last only seven years.

Economic Stimulus Actions

While there is very limited ability for the City to affect the local economy, there are actions that can be taken. These include initiatives by the City itself, or actions by the Chamber of Commerce, businesses, or other community groups. While some of the initiatives will have short-term impacts, most are more long-range or ongoing in nature. Community leadership should have a steady, long-term focus on maintaining a sustainable local economy, and should allocate limited resources accordingly. The Council should also carefully consider potential new regulations for their economic effects. Actions on zoning regulations, the Northeast Plan, the Housing Element, and possible requirements in the areas of Community Impact Reports and Formula businesses should be carefully reviewed.

The Economic Stimulus Initiatives were developed through a review of the existing Economic Development Strategy, discussions with the City and Chamber staff, and attempt to reflect local funding and staffing constraints. Developing potential concepts is significantly less challenging than implementation of those concepts. As programs are developed or investigated, programs may need revision, or the Council may determine some are not appropriate, or that other program ideas should be considered. Many of the programs need further refinement to be accomplished, and some would need special funding. In addition, while some programs will be developed by City staff, several are proposed to be implemented by the Chamber of Commerce, and a number would require volunteer or community leadership in order to be accomplished.

Council member Shaffer provided a list (attached) of potential stimulus actions, some of which overlap with those on the existing list, for consideration.

Update

An updated version of the initiatives is attached. Progress has been made on a number of initiatives. In addition, several are recommended to be removed from the list. Summary information is provided below.

Image/Publicity

A major step forward occurred with the initiation of the 'wayfinding' project. A consultant has been selected and has begun work. Another significant program is to stage a local economic development summit. This is tentatively scheduled for September.

Programs 7, 8 and 9 are recommended to be deleted. Programs 8 and 9 are not projects and therefore do not appear suitable for the Stimulus project list. Program 7 is an ambitious concept that absent significant special funding, realistically could not be undertaken. In addition, there are other existing programs and volunteer opportunities that implement this concept (AmeriCorps, California Conservation Corps, Laguna Foundation, Global Student Embassy, local school programs etc.)

Regulatory

A comprehensive zoning amendment package, including changes related to each of the ideas in the stimulus list, has been approved by the Planning Commission and is under consideration by the City Council.

Business Support

The Economic Development Specialist has had several discussions with representatives of the local Farm Market about the idea of a new location. While this stimulated thinking on long-term goals, at this time the Market wishes to remain at its present location.

It is anticipated that the CDA will discuss possible modifications to the façade grant program later this month.

The Business Outreach Committee had several discussions of ways to improve its own effectiveness. Generally, members felt that the BOC performs an important liaison role between the business community and the City. Members have discussed greater outreach to both existing and new businesses, as well as the idea of members taking on specific projects.

There has also been discussion of the role of the Economic Development Specialist, and ways to better focus and coordinate economic development. These areas may be addressed in the upcoming budget.

The Chamber continues to promote shopping locally.

SRJC has indicated that due to current conditions and other factors, it is currently not making active efforts towards establishment of Sebastopol satellite campus.

Capital Improvements

The City has a number of major capital improvement projects in the works, including street resurfacings, Street Smart Sebastopol projects, and significant work on the Morris Street wastewater pump station. Based on recent bid results, the 'contracting environment' has changed significantly, with the City receiving more competitive bids that have been seen for many years.

Sebastopol is pursuing opportunities arising from the Federal American Recovery and Reinvestment Act (ARRA), and has already secured over \$400,000 for street resurfacing projects. Other opportunities are being reviewed. Due to very demanding timelines, application and administration of projects funded by the Act will require intensive staff work, and may require that other projects be deferred so that the City can take advantage of the Act's opportunities. Existing City project priorities have already needed modification. There is also the possibility that the ARRA will be supplemented in the future.

If they do not take away consultant resources from ARRA projects, preliminary scoping work on two projects funded by the CDA may commence this year: improvements to existing deficiencies in downtown/industrial area storm drains; and Sebastopol Avenue streetscape improvements.

Funding for a plan for conversion of the Village Park campground to a public park is needed. In addition, funding is needed for a plan for park development of the recently-purchased Flynn property. These projects are expected to be discussed by the CDA at its goal-setting retreat at the end of March.

Program 45 is recommended for deletion, as it is not a project.

Visitor Promotion

The Sebastopol Documentary Film Festival, sponsored by the Sebastopol Center for the Arts, with some funding provided by the Community Development Agency, occurred earlier this month and was well-attended.

In regard to the possibility of a hostel in Sebastopol, there currently appears to be a low level of interest from the Northern California Hostel organization. The CDA may wish to revisit the scheduling of funding for this potential project.

General Revenue

The process to annex several 'County islands' and the Village Park property has begun.

Attachments:

Updated Local Economic Stimulus Initiatives 2008-09
Memorandum to BOC
Council member Shaffer list of initiatives

cc: Business Outreach Committee
Planning Commission
Chamber of Commerce Executive Director

DESCRIPTION	PRIORITY	LEAD DEPARTMENT OR ENTITY	TIMELINE	STATUS
Image/Publicity:				
1) Initiate way finding sign program, reduce/consolidate event signage (A frame signs)	H	Planning Department	Winter 2009	Consultant selected, program began 2/09
2) Enhance publicity of City and local non-profit achievements through ongoing successes and milestones	H	All	Ongoing	BOC member's efforts to work with staff on this press release listed, review of other viable business
3) Review possibility of creating regular events and promotions (email bulletin)	M	Chamber Chamber, City Council	Winter 2009	Possible inclusion of branding elements to be
4) Expand implementation of Sebastopol branding program	M	Econ. Specialist	Winter 2009	BOC discussion 12/08/08, 2/09/09 approval Summit in
5) Conduct Economic Development Summit in 2009 if appropriate focus identified	M	City Manager, Chamber, Non-Profit	Winter 2009	Sebastopol BOC member, Hubelson to assist
6) Explore annual winter City Improvement Day, possibly linked to existing programs and including collaboration with local schools	L	City Manager	Summer 2009	Rebuilding together Sebastopol reviewing possibility of
7) Explore creation of green youth corps	L	City Manager	Ongoing	expand event
8) Work with schools to disseminate promotional information	L	All	Ongoing	Recommendation use existing programs
9) Use social media as promotional tool	L	All	Ongoing	Recommendation disseminate project
Regulatory:				
10) Continue to pursue simplified enforcement permit inspection standards for small projects and contractors	H	Engineering Department	Fall 2008	Meeting with REITE and other jurisdictions concluded,
11) Amend zoning Ordinance to expand permit process for approved projects	H	Planning Department City Council	Winter 2009	Resolution included
12) Identify information or revisions needed to adopt the new Area Standard Plan	H	Planning Department	Fall 2008	Resolution completed (City Council 3/27/09)
13) Review and streamline restaurant and curbside liquor licenses	M	Planning Department	Winter 2009	General discussion 12/08/08, 03/09/09, Spring 2009
14) Update beach breakfast, hotel and hotel regulations	M	Planning Department	Winter 2009	Resolution completed, City Council 3/27/09
15) Review Ordinance to streamline procedures for city projects	L	Planning Department	Spring 2009	Chairman conducted workshop 2/27/09
16) Review regulatory processes to improve staff time and enhance administrative review	L	Planning Department	Winter 2009	Chairman conducted workshop 2/27/09
17) In review existing regulations, consider implementation of administrative procedure	L	Planning Department	Winter 2009	Chairman conducted workshop 2/27/09
18) Review and streamline requirements for conversion of a residential lot to a commercial lot	L	Planning Department	Winter 2009	Chairman conducted workshop 2/27/09
19) Consider any new regulations for economic effects	L	City Council	Spring 2009	Chairman conducted workshop 2/27/09
20) Streamline all regulations	L	Planning Department	Spring 2009	Chairman conducted workshop 2/27/09
21) Review and update phytovolt and small wind turbine regulations	L	Planning Department	Winter 2009	Chairman conducted workshop 2/27/09
Business Support				
22) Provide funding for cooperative advantage in convenient area business funding match	H	City Manager, Chamber	Spring 2009	Resolution completed
23) Encourage coordinated Citywide downtown market program	H	Chamber	Spring 2009	Form letter submitted to current location for
24) Explore expansion of farm market program as a way to help nearby businesses and/or	H	Econ. Specialist	Completed	feasible study
25) Identify desired businesses, conduct recruitment of existing businesses in other communities	H	Econ. Specialist	Ongoing	Survey for other action needed
26) Evaluate potential business support on coupon, discount and programs	M	Chamber	Spring 2009	
27) Publicize farm grant program, consider raising City share of reimbursement of program fees	M	City Manager	Spring 2009	
28) Support promotion of Sebastopol health care facilities and services	M	Econ. Specialist	Spring 2009	
29) Develop incentives for business development construction of public market buildings	M	City Manager	Spring 2009	
30) Review BOC role to enhance effectiveness	M	BOC	Winter 2009	Initial BOC discussion 12/08/08, 03/09/09
31) Review (Bron, Special list role, and focus	M	City Manager	Winter 2009	Initial BOC discussion 12/08/08

32.) Review means for better focusing and coordinating economic development.	M	City Manager	Winter 2009	Initial IBOC discussion 12/9/08, 2/19/09
33.) Pursue opportunities for workforce housing / affordable housing program.	M	Planning Department		Hobbyco in development pipeline, Burjank informed
34.) Identify ways to support key local sales tax reinvestors	M	Econ Specialist	Summer 2009	
35.) Explore further (government) or private service, including private and possible collaboration with local schools.	M	City Manager	Spring 2008	
36.) Review opportunities for additional zoning in the industrial areas.	M	Econ Specialist	Spring 2008	
37.) Investigate business incentives to encourage web based service in downtown.	L	Chairman	Spring 2008	
38.) Maintain strong local partnerships	L	Chairman	Ongoing	
39.) Support efforts to establish SBIC (Sebastopol) small business	L	Planning Department	Ongoing	Discussed status w. SAC 12/08
40.) Monitor opportunities for local corporate team support.	L	Econ. Specialist	Ongoing	
Capital Improvements				
41.) Review priorities and provide staffing and other support for key capital improvement projects.	H	City Council/City Manager	Winter 2009	Number of significant Street Smart, wastewater, and transit related projects is increasing.
42.) Search for grant funding for plan to convert Village Park campus to public park and improve property fit outage.	M	Planning Department	Ongoing	Open Space grant for construction completed and secured, funding needed for plan, possible funding to be evaluated in FY 09-10 budget.
43.) Monitor grant programs for capital improvement on economic development opportunities.	M	Planning & Engineering Departments	Ongoing	Identify review of federal stimulus funding opportunities on going; approx. \$400,000 obtained to date.
44.) Monitor possible new Federal infrastructure programs to identify which are eligible for grant.	M	Planning Department	Ongoing	List of potential fast track road paving, water, wastewater and other fast delivery projects provided to WIC and California League of Cities 11/08; approx. \$400,000 in street resurfacing being secured 3/09.
45.) Evaluate risks to on maintenance costs when considering capital improvement projects.	L	City Manager	Ongoing	Requirements for tele-traffic project.
Visitor Promotion				
46.) Consider options to allow development of overnight stay services accommodations (chase impact fee deferrals, shared TOI, or other programs.	M	Planning Department, City Manager	Winter 2008	Planning Commission approval of Zoning Amendment to facilitate small hotels in downtown area, (aerial) zoning pending.
47.) Continue support of Sebastopol Community Film Festival	M	City Council	Ongoing	City approved funding 07/19/08
48.) Support and encourage Market Square events with enhanced coordinated signage.	M	Chairman	Ongoing	
49.) Monitor possible private for profit	M	Planning Department	Ongoing	Contract to host on 10/26, 13/08. Low interest.
50.) Focus on means to improve local tourism	L	Chairman	Summer 2009	
51.) Monitor opportunities to create a Sebastopol area public campground.	M	Planning Department	Ongoing	
General Revenue				
52.) Initiate a map of county limits Village Park mobile home property and properties with out-of-area service agreements	M	Planning Department	Winter 2009	Final map area staff discussion conducted, FC final map review conducted 2/09; 06/30/09.
53.) Explore means to capture more in tax sales tax revenue.	M	Admin. Services Director	Spring 2009	
54.) Continue efforts to identify businesses looking for business and consideration by programs.	L	Police & Building Departments	Ongoing	Police volunteers surveying

City of Sebastopol
Memorandum

Meeting of March 10, 2009

To: Business Outreach Committee
From: Kenyon Webster, Planning Director
Subject: BOC Economic Stimulus Programs

Review and implementation of the 'Local Economic Stimulus Initiatives' is ongoing. As noted on the attached updated copy of the Initiatives, progress has been made on a number of programs. Noteworthy actions include:

- ▶ Discussion with the Farm Market about possible future expansion/relocation.
- ▶ Preliminary scheduling of a local Economic Development Summit.
- ▶ Support for the Center for the Arts Documentary Film Festival.
- ▶ Initiation of the 'wayfinding' sign program.
- ▶ Planning Commission approval of a package of Zoning Ordinance amendments including items listed in the Stimulus package. Council review to occur 3/17/09.
- ▶ Planning Commission preliminary review of annexations of 'county islands' and the Village Park property. Council review to occur 3/17/09.
- ▶ Intensive review of the Federal Recovery and Reinvestment Act for funding opportunities. The City has already secured approximately \$400,000 for street resurfacing, and expects to apply for substantial additional funding. These projects will require a substantial commitment of staff time.
- ▶ Planning Commission approval of a new 'green' business, an electric car sales and repair business at the former Ford dealership.
- ▶ Resumption of review of the Northeast Area Specific Plan by the City Council. Council began discussion on 3/3/09 and will continue on 3/17/09.

Economic conditions continue to deteriorate, with many indicators at levels not seen in decades, and some not seen since the Depression of the 1930's. While due to the passage of the temporary new Utility Tax as well as other factors, Sebastopol is in a better situation than various other area cities, the situation highlights the need for continued focus on both short- and long-term actions to support the local economy.

The BOC has had several discussions of the Stimulus ideas. At the last Business Outreach Committee meeting, the Committee discussed the Local Economic Stimulus Initiatives with particular focus on Program 30 (Review BOC role to enhance effectiveness). One of the suggestions from the discussion was that staff identify a list of projects that might be suitable for BOC members to work on.

Suggested programs where participation of BOC subcommittees or individual members in program development may be beneficial include:

- ▶ **Program 3: Create events and promotional email bulletin.** Lead entity is Chamber. One or more BOC members could assist by performing outreach to community groups and helping organize events clearinghouse and email address lists.

- ▶ **Program 5: Conduct Economic Development Summit.** Lead person on this is the Economic Development Specialist. Member Hudelson also volunteered to work on the project. Presently this is targeted for September 2009. Discussion to date was that the Summit would consist of two primary components: 1) State of the local economy. This might include presentations from Robert Eyler of Sonoma State; Ben Stone of the County Economic Development Board; a representative from the Chamber; and a City representative. 2) Programmatic actions being taken. This might include presentations from a City representative; Fifth District Supervisor; and key local business leaders. The Summit could also include a panel discussion.

Planning for the Summit will include logistical elements such setting a specific date and time; identifying a budget; securing a venue; securing speakers; developing the program/meeting agenda; invitations and publicity; and provision of refreshments and handouts.

It would be valuable to have one or two additional BOC members be part of a committee working with Kathy Ono on the Summit.

- ▶ **Program 22: Provide funding for cooperative advertising.** Lead entities are Chamber and City Manager. The concept of this program is to consider Community Development Agency funding for this purpose. A BOC member with a business perspective/marketing experience could assist with investigating/formulating a possible program.

- ▶ **Programs 23, 26: Encourage coordinated City-wide discount marketing program, consider discount card program.** The Chamber is listed as lead entity. The Chamber could likely use assistance in investigating these possible programs, reviewing alternatives, and performing outreach.

- ▶ **Program 25: Identify desired businesses.** Economic Specialist is listed as lead person. Definition of desired businesses is needed via a survey or other means.

- ▶ **Program 50: Focus on means to promote eco-tourism.** The Chamber is listed a lead entity. Contact could be made with local lodging businesses and the County Tourism Bureau to explore this issue. These discussions could also include review of Program 46, actions to facilitate additional overnight visitor accommodations.

Facade Improvement Program

As of March 4, 2009		Address	Status	Project Total	Rebate Amount	Applicant Invest	NOTES
Business/Building Site							
Frizelle Eros	265 Petaluma Ave.	Completed	\$ 12,705	\$ 3,500	\$ 9,205		
Patissierie Angleica	6821 Laguna Pkwy	Completed	\$ 1,244	\$ 607	\$ 637		
Sprint Copy Center	175 No. Main Street	Completed	\$ 8,910	\$ 3,500	\$ 15,760		
Seb Lighting and Home	Main St.	Completed	\$ 735	\$ 368	\$ 5,410		
Fircrest Market	900 Grav. Hwy So.	Completed	\$ 9,600	\$ 3,500	\$ 367		
Eye Associates Medical	6880 Palm Ave.	Completed	\$ 3,882	\$ 1,941	\$ 6,100		
Sebastopol United Methodist Church	500 N. Main St	Completed	\$ 19,260	\$ 3,500	\$ 1,941		
Sonoma County Rep-Building	104 N Main St	Completed 01/10/2007	\$ 4,669	\$ 2,334	\$ 2,334		
Puttin On The Blisque	6906 Sebastopol Ave	Completed	\$ 2,248	\$ 1,124	\$ 1,124		
Tim Birmle Law Offices	7182 Healdsburg Ave	Completed 06/01/2007	\$ 3,879	\$ 1,940	\$ 1,939		
ECON	241 South Main Street	Completed 10/2008	\$ 12,898	\$ 3,500	\$ 9,398	Submitted 9/4/2007	
Guayki	6784 Sebastopol Ave.	Completed	\$ 7,500	\$ 2,450	\$ 5,050	Submitted 9/3/2007	
Sebastopol Area Chamber Visitor Center	265 South Main Street	Completed	\$ 3,900	\$ 1,950	\$ 1,950	Submitted 9/6/2007	
Sebastopol Center for the Arts	6780 Depot Street	Completed	\$ 5,035	\$ 2,517	\$ 2,517	Submitted invoice in 8/2007	
Dresser's	141 & 145 No Main St.	Approved 2/11/2009	\$ 3,750	\$ 1,875	\$ 1,875		
		Totals	\$ 100,215	\$ 34,606	\$ 65,607		
Original Program Funding		Funds Distributed					
2007 Additional Appropriated Funds							
Total amount of Funds	\$ 30,000						
	5,000						
	\$ 35,000	Actual Funds Remaining (to 6/30/2008)		\$ 394			
Projects Pending							
		Approx. Totals					
		Approx. Funds Remaining					
Pending Applications:							
Sebastopol Auto Parts	6856 Sebastopol Ave	Approved 7/18/2008	\$10,738	\$ 3,500		Applicant has decided to pushout execution due to slow economy.	
Artisana	146 N Main Street					8/2008 Application Distributed	
Pine Cone Café	162 N Main Street					5/2008 Application Distributed	
Make Mine Electric	Seb Avenue					3/4/2009 Application Distributed	
Projects Expired:							
Incredible Records	142 N Main St	Approved		\$ 3,500		Expiration Date 12/2006	
Dresser's	141 & 145 N Main	Approved	\$ 3,078	\$ 1,539	\$ 1,539	Expiration Date 03/21/2007	
Viva Mexicana	841 & 849 S Garwinstein	Out of Compliance	\$ 18,485			Out of Compliance	
Over 30 applications Distributed							